R J Reynolds Tobacco Company

DM-67-F

April 29, 1992

DM

PRIORITY COMMUNICATION

Winston-Salem, N.C. 27102
919-741-5000

TO ALL DIVISION MANAGERS

SUBJECT: Corporate Contract With Southland Corporation

RJR and Southland Corporation have entered into a Preferred Presence Contractual Agreement for merchandising and advertising.

Elements of the Contract

RJR will get:

- PCD - cash register front position:
  - Two trays - each 9 facings wide
    *Top tray is 4 packs deep
    *Second tray is 5 packs deep
  - Advertising:
    *Top sign (4" high x 13" wide) or equivalent
    *Channel strips under the top and second tray

- Promotional Unit - 3 sided placed at Gondola end directly across from the primary check out counter.
  - Front - (faces primary check out counter) for full price promotions
    *1/2 Top promotional shelf (approximately 18 inches)
    *1/3 Minimum second promotional shelf (approximately 12 inches)
  - Advertising:
    1/2 Front canopy (approximately 3 1/2 x 16 inches)
    *Promotional advertising under each shelf (approximately 3 x 16 inches)
  - Side - (facing entrance) for Savings brands
    *1/2 Top 4 shelves (vertical load) 16 pack facings
  - Advertising:
    *1/2 Side canopy (approximately 3 1/2 x 9 1/2 inches)
    *Channel pricing strips on each shelf
  - Savings Cartons - 6 Savings carton facings in carton section, identified by brand.

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"We work for smokers"

Source: https://www.industrydocuments.ucsf.edu/docs/jkhy0000

- Supplemental Advertising - 15 x 49 (RJR's portion is 15" x 19") lighted sign to be in unobstructed highly visible location as agreed to by RJR sales representative and store manager.

- Roll-Out Time Table:

  - First stores installed August 1992
    *Approximately 1500 stores installed by January 1, 1993
    *Approximately 3000 additional stores installed by June 30, 1993

- Contract:

  - Type: PREF PR 711
  - Plan: CVC
  - Cost sharing on promotional unit is based on contract beginning date.
    *First 1,000 stores if placed before December 31, 1992, payment is $1,000
    *All others if placed before July 1, 1993, is $750.00
    *Beginning date after June 30, 1993, but before June 30, 1995, is $31.25 per month "x" number of months left on the contract.

  - Contract agreement ends June 30, 1995.

- 7-11 Division presentation information and implementation details will be forthcoming as soon as they are finalized.

If you have questions concerning this program, please contact Herman Young, Dallas Chain Division.

R. J. REYNOLDS TOBACCO COMPANY

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